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**CPA INTERMEDIATE LEVEL**

**CS INTERMEDIATE LEVEL**

**PILOT PAPER**

**COMPANY LAW**

**December 2021.**

**Time Allowed: 3 hours.**

**Answer any FIVE questions.**

**ALL questions carry equal marks.**

**QUESTION ONE**

- (a) Explain four limitations to a director's powers to act that may be contained in a company's constitution. (8 marks)
- (b) Describe six general duties of a director under the Companies Act, 2015 or equivalent legislation. (12 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) Highlight four reasons that form a basis for a derivative claim in Kenya. (4 marks)
- (b) Outline the information that should appear in a company's register of members. (6 marks)
- (c) Explain five legal requirements for the beneficial owner's register in Kenya. (10 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) Distinguish between an "ordinary resolution" and "special resolution". (4 marks)
- (b) Jane is a director of XYZ Limited, a public limited company and would like to call for a general meeting of the company. Give your professional advice to Jane about the following:
- (i) The four methods through which XYZ Limited can give a notice of the general meeting to its members. (4 marks)
- (ii) The legal requirements in Kenya for the meeting if the notice is issued on the company's website. (12 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) Explain three rights of a company's auditor in relation to a company's general meetings. (6 marks)
- (b) Explain three requirements for a notice by a company's members' statement about audit concerns. (6 marks)
- (c) Give four circumstances under which an auditor in office will not be considered as re-appointed if no appointment of an auditor is made at the end of a term of appointment. (8 marks)
- (Total: 20 marks)**

**QUESTIONS FIVE**

- (a) Give five documents that form a quoted company's annual reports. (10 marks)
- (b) Explain three requirements for a company's proper accounting records. (6 marks)
- (c) Highlight two contents of a company's financial records. (4 marks)
- (Total: 20 marks)**

**QUESTION SIX**

- (a) Explain three items that an auditor would investigate in a company's financial records to enable the auditor form an opinion about a company's financial statements. (6 marks)
- (b) Explain which court appoints an inspector to investigate a company's affairs and what circumstances may lead to such an appointment. (4 marks)

**(Total: 20 marks)**

**QUESTION SEVEN**

With respect to investigation of a company's affairs and mergers:

- (a) Identify the court that has powers to appoint an inspector. (2 marks)
- (b) Describe six circumstances that might lead to such an appointment in (a) above. (12 marks)
- (c) Discuss the types of information that should be contained in the draft terms of scheme for a proposed merger. (6 marks)

**(Total: 20 marks)**

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